

SENATE BILL 2884

By Haynes

AN ACT to amend Tennessee Code Annotated, Title 66,  
Chapter 32, relative to consumer protection.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 66-32-112, is amended by adding the following language as a new subdivision:

(16) The following statement in conspicuous type in substantially the following form:

**The purchase of a time-share interval should be based upon its value as a vacation experience or for spending leisure time, and not considered for purposes of acquiring an appreciating investment or with an expectation that the time-share interval may be resold;**

SECTION 2. Tennessee Code Annotated, Section 66-32-112, is amended by deleting subdivision (11) and by substituting instead the following:

(11) If there are any restrictions upon the sale, transfer, conveyance, or leasing of a time-share interval or portion of an interval, then a description of the nature of the restriction, limitation, or control on the sale, lease, or transfer of a time-share interval or portion of an interval shall be included immediately following a statement in substantially the following form:

**The sale, lease, or transfer of a time-share interval is restricted or controlled;**

SECTION 3. Tennessee Code Annotated, Section 66-32-114(a), is amended by deleting the following language:

The contract is also voidable by the purchaser for ten (10) days from the date of the signing of the contract by the purchaser if the purchaser shall have made an on-site inspection of the time-share project prior to the signing of the contract, and if the purchaser did not make an on-site inspection of the time-share project prior to signing the contract, for fifteen (15) days thereafter.

and by substituting instead the following language:

The contract is also voidable by the purchaser for twenty (20) days from the date of the signing of the contract by the purchaser, if the purchaser made an on-site inspection of the time-share project prior to the signing of the contract, and if the purchaser did not make an on-site inspection of the time-share project prior to signing the contract, for thirty (30) days thereafter.

SECTION 4. Tennessee Code Annotated, Section 66-32-114(c), is amended by deleting the subsection in its entirety and by substituting instead the following:

(c)

(1) If either party elects to cancel a contract pursuant to subsection (a) or

(b), that party may do so by:

(A) Hand delivering notice thereof to the other party within the designated period for voiding such contract;

(B) Mailing notice thereof by prepaid United States mail, postmarked anytime within the designated period for voiding such contract, to the other party or to such party's agent for service of process; or

(C) Except as provided in subdivision (c)(2), electronically mailing notice thereof anytime within the designated period for voiding such contract, to the other party, or to such party's agent for service of process.

(2) The address and electronic mail address of each party, and each party's agent for service of process, if applicable, to be used for purposes of cancellation pursuant to this section shall be specified in a conspicuous manner in the contract; provided, however, that a purchaser may choose not to receive notice by electronic mail and not to include the purchaser's electronic mail address in the contract.

(d) The rescission rights set forth in subsections (a) and (b) may not be waived by either the purchaser or developer.

SECTION 5. Tennessee Code Annotated, Section 66-32-132, is amended by deleting subdivision (1) in its entirety and by substituting instead the following:

(1) Contain any representation as to the availability of a resale program or rental program offered by or on behalf of the developer or its affiliate unless:

(A) The resale program or rental program has been made a part of the offering;

(B) Substantiation is available at the time of the representation to show that a resale or rental market, whichever is applicable, exists; and

(C) The representation and substantiation has been submitted to the commission;

SECTION 6. Tennessee Code Annotated, Section 66-32-132, is amended by deleting subdivision (3) in its entirety and by substituting instead the following:

(3) Contain any statement, other than the statement required pursuant to § 66-32-112(16), concerning the investment merit or profit potential of the time-share interval unless the commission has determined from evidence submitted on behalf of the developer that the representation is neither false nor misleading;

SECTION 7. This act shall take effect July 1, 2012, the public welfare requiring it, and shall apply to public offering statements registered on or after that date.